

SHOE SOURCING REPORT 2019

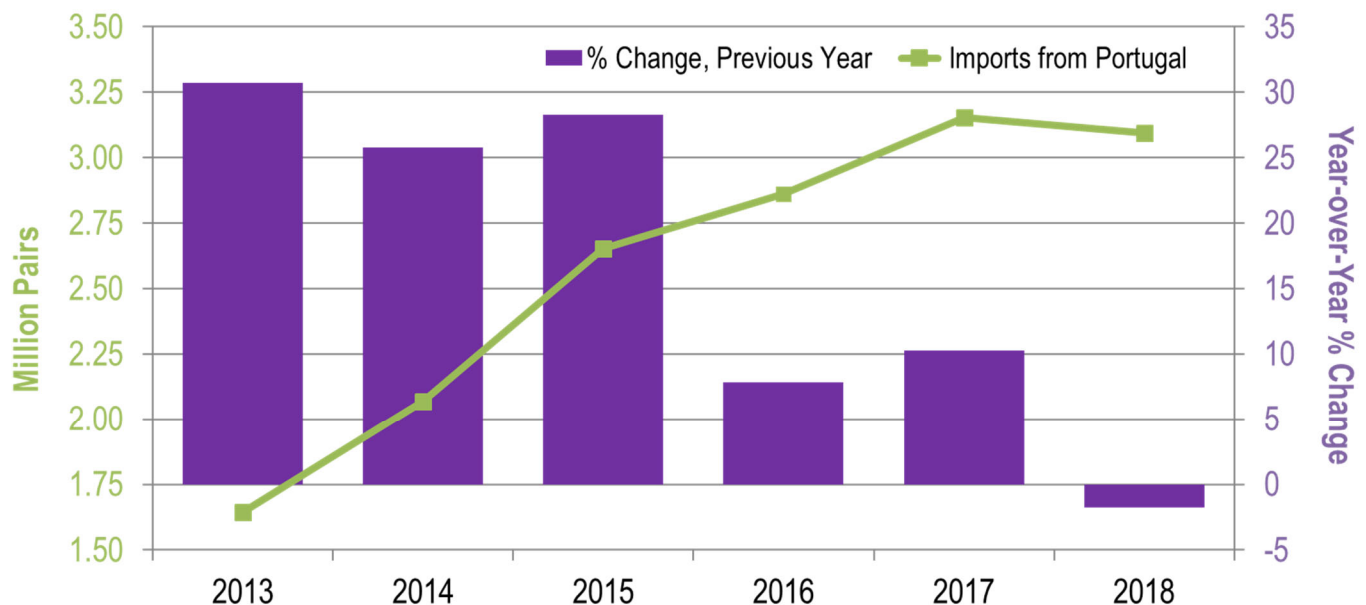
Portugal Shoe Production Snapshot

With a focus on quality and craftsmanship but with an eye to automation, the Portuguese footwear industry has enjoyed impressive growth over the last decade with output and exports rebounding, while not having to compete on a cost-only basis. Footwear exports in 2018 jumped 11.9% to a record \$2.5 billion, pegging the country as the world’s tenth-largest supplier. Some 1,600 companies across the country—mostly in the north—employ roughly 45,000 workers, producing primarily leather footwear, typically for foreign—typically European—markets.

A discerning customer demands quality products, and the local industry positions itself among the leading exporters of fashion footwear to meet that demand, typically at a higher price point. Indeed, the export cost of Portuguese footwear in 2017 averaged \$26.54 in 2017, more than double the world cost. The fact the country can grow its exports impressively in spite of an average export cost well above the world average implies foreign buyers of these shoes increasingly are willing to pay for quality.

While the US is not a top-five market for Portuguese footwear, shipments to America have rebounded sharply over the last decade from just 664,000 pairs in 2010 to a fourteen-year high of 3.15 million pairs in 2017. Shipments slipped -1.8% in 2018 and may sag again this year, but volume is likely to remain just shy of the 2017 high. Again, the average landed cost of footwear from Portugal in 2018 (\$44.13/pair) was well above the average world cost (\$10.78). But with shipments to America growing over most of the last decade in spite of the substantial price premium, Portugal has proven itself to be a viable option for value-added footwear.

US FOOTWEAR IMPORTS FROM PORTUGAL EASE IN 2018 FROM A 14-YEAR HIGH



Source: USITC